

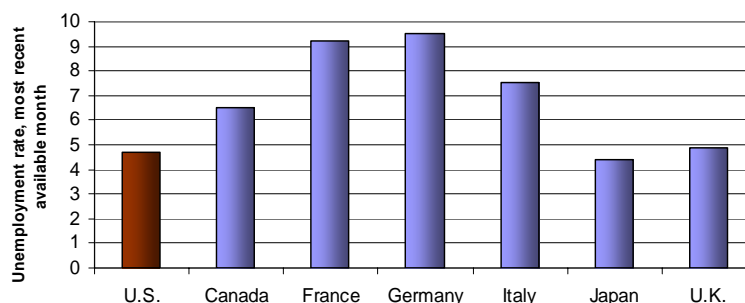
# Committee on Ways and Means

## U.S. Economy – Low Inflation, Strong Growth

The good news keeps coming on the American economy

- ✓ ***The economy is stronger*** – Real Gross Domestic Product growth averaged 3.2 percent in 2005.
- ✓ ***Americans are richer*** – After-tax income is up 5.4 percent in the last 12 months.
- ✓ ***Consumers are confident*** – Consumer spending rose 0.9 percent in January, the largest increase in 12 months.
- ✓ ***Nest eggs are growing*** – Average home prices rose 13 percent in 2005, a huge increase for the 69 percent of Americans who own their own homes.
- ✓ ***Americans are working*** – The unemployment rate has dropped to 4.7 percent, almost a five-year low, while initial unemployment claims have reached the lowest point since 1999.
- ✓ ***Prices are stable*** – Inflation, measured by the price index for personal consumption expenditures, grew at a low 2.9 percent in 2005.
- ✓ ***Productivity is booming*** – The average annual growth rate of output per worker since 2001 is 3.1 percent, the best rate since the 1960's.
- ✓ ***The American economy is the envy of the Industrialized world*** – The U.S. unemployment rate is lower than that of Canada, France, Germany, Italy, and the United Kingdom.

**The United States has one of the lowest unemployment rates in the industrialized world**

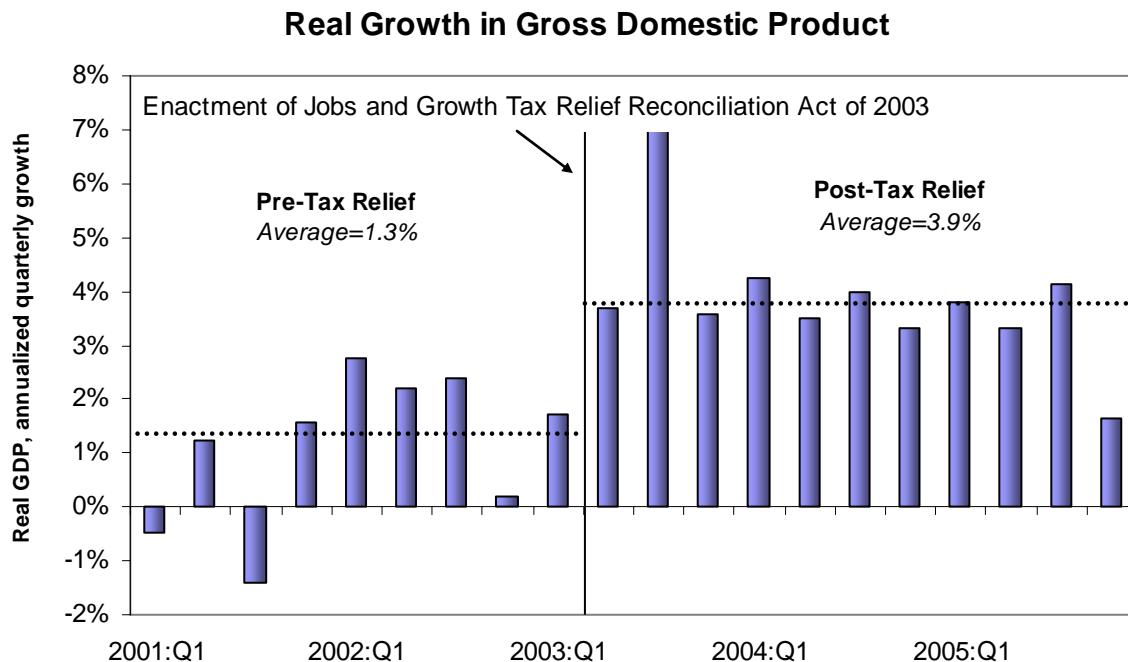


Latest data on U.S. economy:

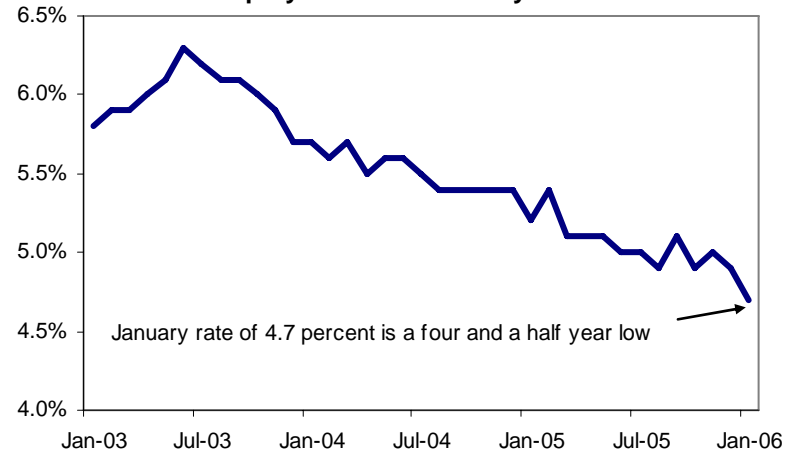
Real GDP growth, 2005 average .....	3.2 percent
Unemployment rate, January 2006.....	4.7 percent
Inflation (core PCE index), 2005.....	1.9 percent
Initial unemployment claims, week of February 18 <sup>th</sup> .....	278,000
Median home prices growth, 2005 .....	13 percent
After-tax income growth, last 12 months .....	5.4 percent
Consumer spending growth, January 2006 .....	0.9 percent
Industrial production growth, 2005 .....	2.8 percent

A sustained record of growth since May 2003:

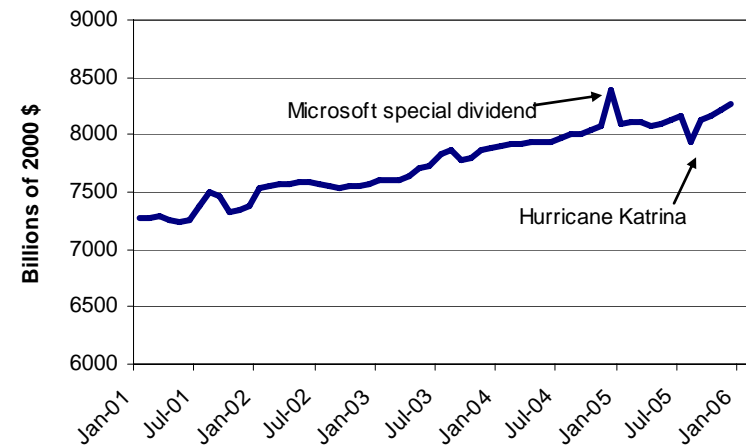
Job creation.....	4.7 million
GDP growth.....	3.9 percent average
Goods exports growth.....	37 percent
Industrial production growth, manufacturing.....	12.8 percent
Business investment growth.....	11 percent average
Small business income growth .....	22 percent



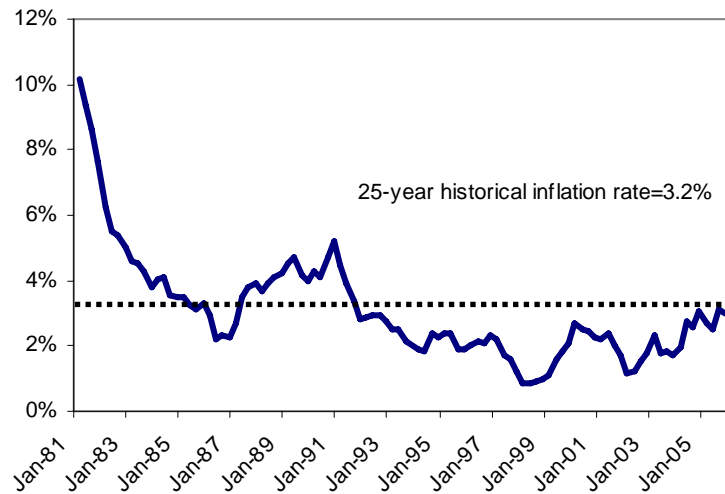
**Unemployment rate steadily declines**



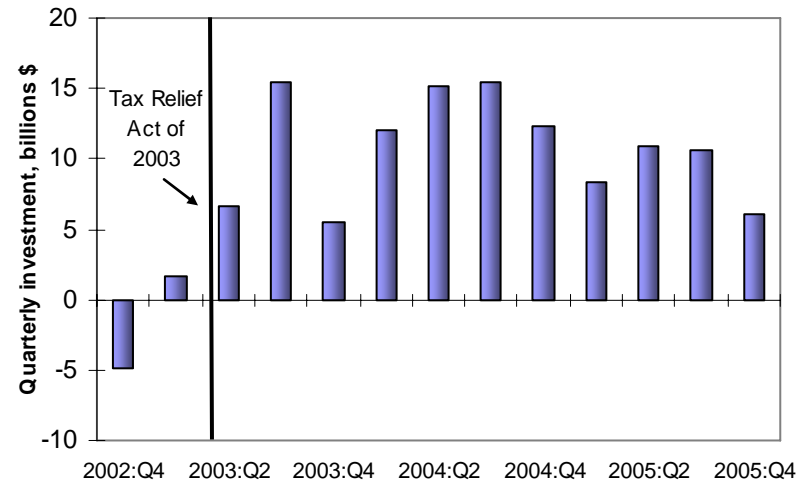
**Real disposable person income, 2001-2005**



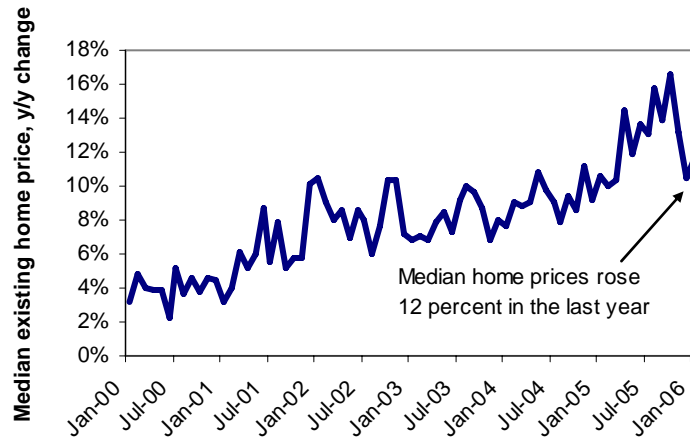
**PCE inflation remains stable and low**



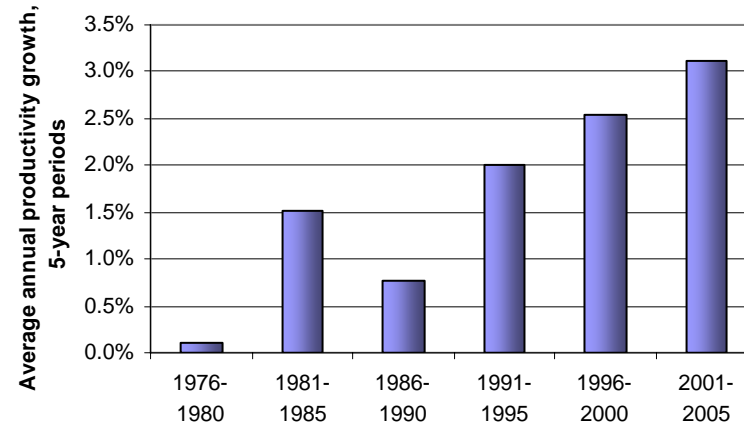
**Business investment has been strong**



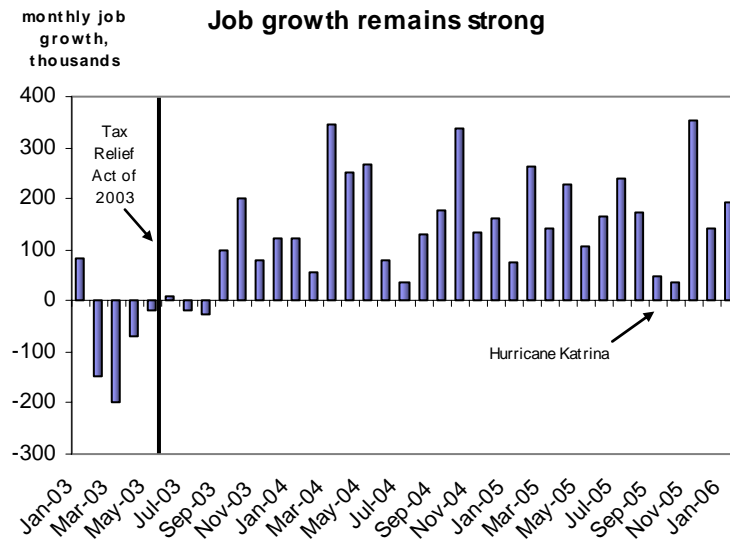
**Median home values continue to rise**



**Productivity growth strongest since 1960's**



**Job growth remains strong**



**Exports continue strong growth**

